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CHINESE COMMUNIST REGULATIONS  
GOVERNING BANKS AND PRECIOUS METALS

REGULATIONS ON BANK ACTIVITIES -- Hsin-sheng Wan-pao, 1 May 49

The following regulations governing the activities of banks (including foreign banks) were recently promulgated by the Chinese Communist authorities: (1) All banks are authorized to accept deposits, make loans and invest in industries; (2) the People's Bank is authorized to transact in foreign exchange, carry out ordinary banking activities and accept valuables for custody, but is forbidden from speculating, hoarding goods for higher prices, dealing in shares, or amassing shares of business firms; (3) before registration, a bank must have paid up 75 percent of its nominal capital and must deposit 10 percent of its current deposits and 5 percent of its term deposits with the People's Bank; (4) interest rates of deposits and loans shall be fixed by the People's Bank; (5) private banks must make monthly and annual reports to the People's Bank; and (6) the People's Bank and its branches shall assist the government in controlling the banking business.

REGULATIONS GOVERNING GOLD AND SILVER -- Hang-shang Jih-pao, 6 May 49

On 26 April 1949 the North China People's Government issued the following provisional regulations governing gold and silver: (1) Gold or silver shall not be taken out of the Communist-controlled area without specific permission, nor shall either be circulated without authorization; (2) all gold and silver shall be deposited in the People's Bank in exchange for certificates; (3) the weight of gold and silver ornaments worn by the people shall not exceed one and 4 ounces, respectively, and no one will be permitted to give silver presents exceeding 20 ounces; (4) gold and silver required for chemical and industrial uses may be applied for and purchased from the People's Bank; and (5) penalties for violation of these regulations shall be 15 to 30 percent fine for carrying these metals within the area, partial or total confiscation for private selling, and total confiscation for smuggling.

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The following restrictions on activities of private banks were also promulgated: (1) Holding shares in trading firms or other banks (industries and mines excepted); (2) buying, or taking as lien, shares of other banks; (3) purchasing land not required for business; (4) hoarding goods or acting as commission merchant; (5) keeping subsidiary or false accounts; (6) issuing notes; (7) accepting deposits from military groups or state enterprises; (8) handling bullion or foreign currency; (9) purchasing and holding property for someone else; and (10) other unlicensed activity.

The minimum capital required for private banks has been set at 20 to 50 million yuan, while that of money changers has been prescribed at 3 to 6 million yuan. Of this capital, at least 70 percent of the total must be in cash or property, while equipment and land must not exceed 30 percent.

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